

**FISCAL NOTE**  
**SB 286 - HB 911**

March 16, 2007

**SUMMARY OF BILL:** Exempts the income of persons age 65 or older with no federal income tax liability due to medical expenses incurred as a nursing home resident from the Hall income tax.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - \$863,000**

**Increase State Expenditures - \$70,000 One-Time**

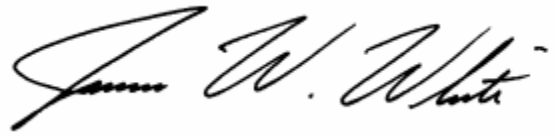
**Decrease Local Govt. Revenues - \$437,000**

Assumptions:

- Such resident's total income shall be verified against the resident's federal income tax return along with any other such documentation as the Commissioner of Revenue may reasonably require.
- Based on American Health Care Association data, there are approximately 33,000 people in nursing home facilities in Tennessee.
- 21,780 Medicaid recipients are excluded from eligibility.
- 5,200 Medicare recipients are excluded from eligibility.
- Of the remaining 6,020 individuals, approximately 25% (or 1,505) are estimated to be Hall income taxpayers.
- According to the Department of Revenue, the average Hall income tax paid by over-65 taxpayers is estimated to be \$860 for FY07-08.
- Decrease to Hall income tax revenues estimated to be \$1,300,000 (1,505 individuals X \$860 = \$1,294,300).
- Approximately 66.4% of Hall income tax collections are apportioned to the General Fund; the remaining 33.6% is apportioned to local governments.
- Net decrease to state revenues estimated to be \$863,000 (\$1,300,000 X 66.4% = \$863,200).
- Decrease to local government revenues estimated to be \$437,000 (\$1,300,000 X 33.6% = \$436,800).
- The one-time increase to state expenditures for computer and software enhancements is estimated to be \$70,000.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director